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SUBJECT: WHAT'S ON HONG KONG'S MIND THESE DAYS?

All the news  
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¶1. (SBU) Inevitably our reporting concentrates on major political and economic developments, but the full flavor of Hong Kong life, and the context for the major developments, is also important. Hong Kong people are concerned about Constitutional Reform and maintaining their competitive edge over a rapidly developing PRC, but they also go to the movies, ride the subway, worry about police corruption, and suspect that their elected representatives may be out of touch with real life. This cable presents a snap-shot of Hong Kong's hot topics over the past few weeks.

Are Legco Members Too Detached From Average Hong Kongers?  
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¶2. (SBU) "Hong Kong Magazine," a free English-language weekly focused on entertainment, recently conducted a quiz of Legislative Council (Legco) members to see how in tune they were with the average Hong Konger. The magazine asked all 60 Legco members if they were willing to participate in the quiz -- twelve accepted the challenge, though one dropped out after performing dismally. The quiz consisted of 12 questions ranging from the mundane (What is the starting fare for a taxi?) to the deadly serious (How many people died of SARS in Hong Kong?) The magazine said it got the idea for the quiz after hearing claims by the new "Civic Party" that its members were more cosmopolitan, and presumably more in touch with city events, than those of other political factions. The magazine seems to have proved this wrong, as Civic Party leader Audrey Eu answered only 5 of 12 questions correctly. Nevertheless, she outperformed Choy So-yuk, the only Democratic Alliance for the Betterment of Hong Kong (DAB) to participate. Two other high profile democrats fared even worse. Emily Lau of the Frontier Party answered 3 questions correctly, and Martin Lee of the Democratic Party (DP) came in last, with only 2 correct responses. Not all pro-democracy legislators did badly, however: DP member Sin Chung-kai came in second, with 6 correct answers. And maverick legislator and long-time street activist "Long Hair" Leung Kwok-hung lived up to his reputation as a man of the people (and Hong Kong's favorite Trotskyite) by receiving the highest score, with seven correct responses.

"Election" Wins Best Picture  
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¶3. (SBU) The Best Picture award at the annual Hong Kong Film Awards this year went to Johnnie To's "Election." This cynical and entertaining gangster film (the Chinese title is "Hei Shehui," which might be more directly translated as "Underworld") upset two HK-PRC co-productions, Tsui Hark's

knight-errant epic "Seven Swords" and Peter Chan's Fellini-esque love story "Perhaps Love." "Election," released in late 2005 as Hong Kong debated the Government's proposed electoral reform, depicts a power struggle for the leadership of a triad gang. The elders of the gang, led by Old Deng (a Tung Chee-hwa look-alike), choose Lok, despite the energetic attempts of "Big D" (played by Tony Leung, who also won "Best Actor") to supplant him by means fair and foul. A key element of the story is the need for the winner to gain possession of the baton, held in safekeeping somewhere on the mainland. While not a direct allegory, many details inevitably call to mind Hong Kong's own politics. The triads warn the police that they must be allowed to manage their own internal affairs, otherwise "the jails in Hong Kong are not big enough to hold them." Lok is "good for business," and will maintain unity. Lok wins over "Big D" and so prevents intra-gang warfare, at least long enough to expand their triad's turf into Tsim Sha Tsui. However, when the impetuous and impatient "Big D" suggests genuine power-sharing, Lok beats him to death with a rock. Moral: absolute power is best.

#### Hard-Fought Agreement on Rail Merger Highlights the Political Importance of Public Transportation in Hong Kong

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15. (U) Hong Kongers tend to get around in taxis or via many forms of public transportation (including a commuter escalator system). There was therefore no surprise in the public focus on a series of safety incidents involving the Kowloon Canton Railway Corporation (KCR), which operates two commuter systems, including one that ferries people to the mainland border.

16. (U) When KCRC Chairman Michael Tien responded to

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criticisms about a lack of transparency over the incidents by pushing through organizational changes, he met with strong resistance from his senior staff, culminating in a letter from the Acting CEO, Samuel Lai, to the KCR Board of Directors, criticizing Tien's management style. Tien responded by resigning on March 12, only to withdraw his resignation a few days later, accompanied by a public statement of support from Chief Executive Donald Tsang. Acting CEO Lai then resigned the next day.

17. (U) The management spat prompted Hong Kong authorities to accelerate efforts towards a merger between KCRC and the privately-owned Mass Transit Railway Corporation (MTR), which operates the subway system. On April 11, the HKG agreed to lease KCR's assets to MTR for 50 years. Under the terms of the deal, MTR agreed to pay \$548 million upfront and an annual rental of \$97 million to lease KCR's assets. The agreement would generate more than \$5.2 billion in revenues for the HKG over 50 years, and was expected to cut rail fares by about 10-15 percent. Chief Executive Donald Tsang praised the deal, saying it would create a first-class rail system with better potential to expand into the mainland. In response to criticism that the HKG was selling its assets too cheaply, MTR Chief Executive C.K. Chow said that was a moot argument since the government would still own KCR's assets. While most politicians said they support the merger, some called for larger fare reductions given the expected cost savings. The proposed 50 year phase-in has also been controversial: some argue it is longer than customary, although everyone in Hong Kong can think of at least one other 50 year phase-in arrangement.

#### Shootout Linked to Illegal Police Gambling?

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18. (SBU) Media reports continue to insinuate that the police are engaged in some sort of cover-up related to a March 17 shootout that left two officers dead and one seriously wounded. The shootout, which has been front-page news in

Hong Kong for several weeks, occurred when an off-duty police officer allegedly attacked two other officers in a Kowloon underpass. The police say their investigation revealed that the off-duty officer )- who died in the attack -- was attempting to steal the other officer's weapons and ammunition. However, media reports allege that the officers had some sort of financial dealings, possibly related to illegal soccer gambling among police. The police confirmed that they had launched an internal investigation into allegations of illegal soccer gambling by officers six years ago, but denied that they had any information linking the shooting to police gambling. While the Hong Kong public's opinion of the police remains high, especially in the wake of their performance during the WTO ministerial in December, several legislators have called for an independent investigation into the shooting.

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